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FISCAL IMPACT REPORT

SPONSOR Ferrary/Thomson/Silva/Anaya/Chávez, E. LAST UPDATED _____
ORIGINAL DATE 3/4/2025
BILL
SHORT TITLE Medical Corporation Accountability Act NUMBER House Bill 552
ANALYST Hernandez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact		

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Health Care Authority (HCA)
NM Hospital Association

SUMMARY

Synopsis of House Bill 552

House Bill 552 (HB552), or the Medical Corporation Accountability Act, requires that any hospital receiving state or local funding report their ownership status, salary ranges for health care providers, and total compensation for the chief executive officer to the Health Care Authority (HCA) annually. HCA must then provide the report to the Legislature. Additionally, HB552 requires that a private equity fund or hedge fund involved in any matter with a hospital or health care provider in New Mexico cannot interfere with the professional judgment of a health care provider.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

HCA notes no fiscal impact for HB552.

Due to the passage of the Healthcare Delivery and Access Act last session, almost every hospital in the state receives state funding and is therefore covered under HB552.

SIGNIFICANT ISSUES

Private equity firms are increasingly purchasing hospitals both nationally and in New Mexico—

raising concerns about hospital viability and healthcare access more broadly. A report written by the Private Equity Stakeholder Project highlights that New Mexico has the highest proportion of hospitals owned by private equity firms in the country, with 38 percent of private hospitals (17 out of 45) owned by private equity firms. The state with the second highest proportion is Idaho with 23 percent of hospitals being owned by private equity firms. Nationally, between 2009 to 2019, the acquisition values of healthcare related private equity firms were set at \$750 billion. Generally, private-equity-owned hospitals are in lower income, non-urban areas and have fewer patients discharged, fewer employees per bed, and lower patient experience scores.

Peer-reviewed research, which includes data points from New Mexico, demonstrates that quality of care and number of patients treated decline when hospitals are owned by private equity firms. Focusing on hospitals, patients who visit a private-equity-owned hospital are more likely to experience “hospital-acquired adverse events.” These events include increased falls, central-line-associated bloodstream infections, surgical site infections, myocardial infarction, and pneumonia. Financially, when compared to hospitals that are not owned by private equity firms, private-equity-owned hospitals are likely to charge more per inpatient day, experience higher cost-to-charge ratios for emergency departments, and higher total cost-to-charge ratios—driving up costs for patients and state and federal governments.¹

HCA notes concern over Section 4 of HB552, as it:

Outlines prohibitions related to private equity fund or hedge fund involvement with decisions of health care providers. This section is significantly broad and lacks clarity for enforcement. As written, the bill includes all health care providers. The Health Care Authority, specifically the Division of Health Improvement, has regulatory oversight of health care facilities, but not of individual practitioners or health care providers. Defining what would be interference of professional judgement and scope of practice would require input and potentially oversight from the respective clinical boards, such as the Medical Board, which this bill does not outline.”

The Hospital Association notes:

In [Section 4 of HB552] the definitions of ‘hedge fund’ and ‘private equity fund’ are problematic because they describe such a wide array of situations which are not private equity or a hedge fund. As defined, they would include the investment of private individuals or healthcare providers in a community that seek to create new and needed access points in our communities.

ADMINISTRATIVE IMPLICATIONS

HCA notes that it would need to promulgate new rules, as well as determine an enforcement mechanism for failure to report.

AEH/hj/SL2

¹ Bruch JD, Gondi S, Song Z. “Changes in Hospital Income, Use, and Quality Associated with Private Equity Acquisition.” JAMA Internal Medicine. 2020 Aug 24;180(11):1428-1435. Bruch J, Zeltzer D, Song Z. “Characteristics of Private Equity-Owned Hospitals in 2018.” Annals of Internal Medicine. 2021 Feb;174(2):277-279.